

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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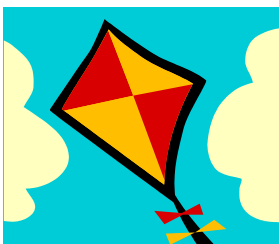
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www.hud.gov/local/shared/working/r3/mfhsg.cfm?state=pa

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New Management Review Form

HUD Form 9834, Management Review of Multifamily Projects, was revised, effective January 1, 2006. (Note: PBCAs begun using this form on February 1, 2006).



The revised form incorporates current HUD policy and administrative requirements and eliminates the use of HUD Form 9838, Management Reviews of Unsubsidized Multifamily Projects.

Some significant revisions include:

*A *Summary Report of Findings* that requires the reviewer to record the condition or deficiency observed, explain the criteria, cause, effect, and any required corrective action.

*A *Desk Review* portion has been added to assist the reviewer in summarizing information that is already available in HUD internal systems and other resources.

*Specific instructions that require the owner to correct individual deficiencies and improve the underlying systems and processes that allowed the deficiency to occur.

*A *Tenant File Review Worksheet* has been added as Addendum A.

*A *Checklist for On-site Limited Monitoring and Section 504 Reviews* has been added as Addendum B to assist in the collection of Civil rights information for the Office of Fair Housing and Equal Opportunity.

A list of documents that the owner must make available during the on-site review has been added as Addendum C.

Child Protection Window Guards

The State of New Jersey has issued regulations regarding the installation and maintenance of child-protection window guards in hotels and multiple dwelling units.



According to N.J.A.C. Subchapter 27, Part 5:10-27.1-6, all leases, other than those under a condominium, cooperative or mutual housing form of ownership must contain a clear, conspicuous notice advising tenants and prospective tenants that the owner is required by law to install and maintain window guards in apartments in which children 10 years of age or under reside, or are regularly present for a substantial period of time. This also applies to public hallways. (Note: This requirement does not apply to any window, which either gives access to a fire escape or is on the first floor, to any unit that is occupied, is part of a condominium or is held by a proprietary lessee under a cooperative form of ownership occupied by a shareholder in a mutual housing corporation). In addition, tenants must be reminded of this requirement, annually, by a hand-delivered notice or by mail.

The owner or manager must inspect each window guard, annually, to insure that it remains sound and in conformance with the regulation. The results of the inspection must be recorded in a log for review by the State.

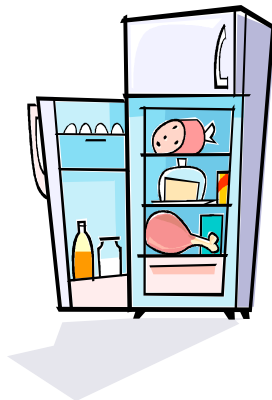
Part 5:10-27.3 provides detailed specifications for the window guards (e.g., construction type, weight bearing strength, mounting screws, etc.).

You can obtain a complete copy of the State regulation by accessing the following NJ State website: www.state.nj.us/dca/codes/misc/rmhmd_section27_updt_windowguard.pdf.

Thrifty Appliances

With rising utility bills, it is becoming vital that project owners and managers replace inefficient appliances with Energy-Star label units.

Refrigerators- A kitchen's biggest energy drain is its refrigerator. Energy-Star models use 40% less energy than conventional machines sold as recently as 2001. Look for ones with compressors that run at more than one speed so they do not use high energy levels unless necessary.

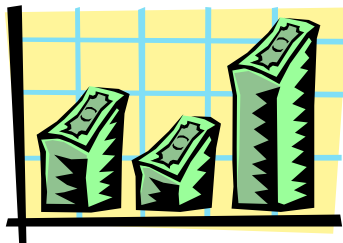


Washers- Energy-Star front and top-loading washers use 50% less energy than standard models, saving up to \$110 per year. [Review the Modified Energy Factor (MEF) at www.energystar.gov]. The higher the number, the less energy per load. New top-performing "duet" washers save energy and water (more than 12,000 gallons a year).

Dishwashers- Energy-Star models use 25% less energy than standard machines. By replacing a pre-1994 model, you can save more than \$25 a year. New two-compartment units save even more because you can run small loads in one compartment instead of running the whole machine.

Increase in Statutory Limits

The Basic Statutory Mortgage Limits for FHA Multifamily Mortgage Insurance programs have been increased, effective January 1, 2006. They are posted on the following HUD Statutory Mortgage Limits and High Cost Percentage Multipliers website:



www.hud.gov/offices/hsg/mfh/hicost/hicost.cfm.

EPA Library Online

The Environmental Protection Agency has created a central database of all of its 11,000 publications. All of these documents can be found, in a full-text, downloadable format at: <http://nepis.epa.gov>. Or, you can order them by calling: 1-800-490-9198.

Joint HUD/HHS Agreement

On December 13, 2005, HUD and Health and Human Services (HHS) signed an inter-agency agreement that will protect billions of dollars in rental assistance housing funds and support The Improper Payments Information Act that President Bush signed into law in 2002.



Under the agreement, HHS has given HUD access to its National Directory of New Hires (NDNH) database. This allows HUD to conduct quarterly data matching of HHS employment information with HUD public housing and Section 8 Housing Choice Voucher (HCV) program participants nationally. The data matching is projected to reduce fraud and build greater capacity to serve vulnerable families. This will be accomplished by minimizing the \$1.2 billion in improper payments because of tenant under reporting of income.

Access to the NDNH database provides public housing agencies (PHAs) that administer HUD programs in local communities the information they need to validate tenant-reported income of individuals participating in HUD's public housing and HCV programs. Prior to this agreement, PHAs relied on income information reported by participants. HUD determined that PHAs often overpay rental subsidies to tenants because some tenants under report their household income.

In 2002, HUD estimated \$2 billion in net annual overpayments because of administration errors and tenants not reporting all of their income. In 2004, HUD implemented the Enterprise Income Verification System (EIV), which used state data to provide PHAs wage and unemployment information on participants. This agreement will add NDNH data to HUD's EIV system - making a one-stop shop for income verification. PHAs are now able to more easily identify those tenants who under report their income and take appropriate action to ensure these tenants pay the correct amount of rent.

Foreclosure Sale

Lyceum Apartments, a 28-unit scattered-site project comprised of 7 buildings, will be sold at foreclosure sale. Bids will be accepted orally on April 12, 2006, at 10 AM at the Allegheny County Courthouse, Room 410, 436 Grant Street, Pittsburgh, PA 15219. Further information can be obtained at: www.hud.gov/offices/hsg/mfh/pd/multifam.cfm.

Bankruptcy Court Decision

The U.S. Bankruptcy Court, Eastern District of Missouri, Eastern Division, regarding West Pointe Limited Partnership, issued an Order, on December 21, 2005 (Case# 90-44326-172), confirming that project funds may not be used to pay lawyers to file bankruptcy or to resist HUD foreclosures.



Specifically, the attorneys for the Chapter 11 debtors, Susman, Schermer, Rimmel and Shifrin, filed a claim for the payment of fees in the amount of \$115,798 and reimbursement of expenses in the amount of \$24,502.

The United States objected to the payment of the fees and expenses from the collateral of the United States, noting that the debtors had no unsecured assets, and the courts had previously determined that the services of attorneys to forestall foreclosure of properties financed under federal housing act programs are not necessary operating expenses of the Debtors' Apartment Projects. Rather, the United States argued that the expenses were related to the personal investment objectives of the project owners. Furthermore, the collateral of a secured creditor may not be taxed to pay the fees and expenses, under the Bankruptcy Code, of a debtor's attorney without the secured creditor's consent or a determination that the secured creditor is adequately protected.

The Court agreed with this position based on the fact that all of the debtor's real, personal property and rental income were project funds, subject to the liens of the United States, under the Regulatory Agreements. Under the Regulatory Agreement, the debtors were able to use project funds only for specified mortgage and operating expenses. This is because the debtors had negotiated the restriction of the use of project funds in exchange for the non-recourse status of the loan and the elimination of any personal liability if a deficiency resulted.

When the debtors defaulted on their mortgages, in May 1990, they had no surplus (unrestricted) cash as defined by the Regulatory Agreements. As a result, project funds were not available to pay attorneys for bankruptcy actions, the defense of foreclosure actions, the costs of administration, or to fund a plan for reorganization.

Section 8 Annual Adjustment Factors

The new Section 8 Annual Adjustment Factors (AAFs) were published in the December 1, 2005 issue of the Federal Register, Vol. 70, No. 30.

The AAFs established by the notice will be used to adjust contract rents for units assisted in certain Section 8 housing assistance payments programs during the original (i.e., pre-renewal) term of the Housing Assistance Payments (HAP) contract. The three categories of Section 8 programs using the AAFs are: 1. Section 8 New Construction and Substantial Rehabilitation programs and Section 8 Moderate Rehabilitation program; 2. Section 8 Loan Management and Property Disposition programs; and 3. Section 8 Project-based Certificate program. Since each program has separate rent adjustment procedures, the notice provides two tables. You can access the Federal Register at: www.gpoaccess.gov/fr/index.html.

Housing Assistance Report to Congress

HUD has completed the ninth in a series of reports designed to help Congress make informed policy decisions regarding housing assistance. This report is based on information from the 2003 American Housing Survey, which was sponsored by HUD and conducted by the U.S. Census Bureau, and is augmented by data from the Survey of Income and Program Participation (SIPP).

Households falling into a "worst case need" classification consist of unassisted renters with very low incomes (under 50% of area median income) who either pay over half of their income for housing, or live in severely substandard housing. "Affordable Housing Needs: A Report to Congress on the Significant Need for Housing" reports the extent of worst case need and describes the population who experiences this level of need. The results are placed in historical perspective and geographical context, thus identifying trends and locating concentrations of worst case need. The report also examines the duration of severe rent burdens on households and the relationship between availability of affordable rental housing and worst case need.

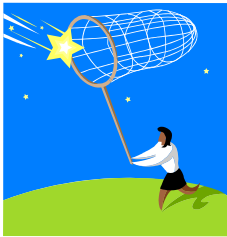
In addition, the report compares its estimates and interpretations with those emanating from other research, carefully evaluating the effect of differing methodologies on findings and conclusions. The report can be downloaded at no cost at: <http://www.huduser.org/Publications/pdf/AffHsgNeedsRpt2003.pdf>.

Multifamily Housing Loan Sale

The MFHLS 2005-3 was very successful. A total of 33 loans (29 multifamily and 4 healthcare) were offered for sale with a unpaid principal balance of \$225,819,460. Overall, 119 bids were submitted by 36 bidders. Fourteen bidders were successful and 32 loans were sold with gross sales proceeds of \$137,090,535 (61% for multifamily loans and 57% for healthcare loans).



Live Your Dream



The conventionally-financed assisted living communities, New Seasons (located in Washington Twp., Cherry Hill, Voorhees, and Sewell, NJ) have instituted a novel program to enrich the lives of their residents- "Dreams for All Seasons."

Essentially, seniors are selected to "live their dream." It may be as simple as a visit to a restaurant, learning to play a piano, or reliving a military ceremony. A recent "dream fulfilled" involved a resident, Frank Duras, who was able to wear his retired navy seaman's uniform at a ceremony aboard the U.S. S. New Jersey battleship/museum that is docked in Camden, NJ.

Such creativity is admirable and is an excellent example of something extremely positive that can be emulated in HUD projects with minimal resources.

Radiant Flooring

Nursing homes and assisted living units are beginning to incorporate radiant floor heating into their buildings where elderly tenants are particularly prone to cold temperatures.

Radiant floor heating warms a space from the ground up. Besides making living areas more comfortable for the elderly, it also saves energy.

There are two types of radiant heat methods. One option pumps water heated by natural gas through a matrix of pipes. A drawback of this method, however, is the installation expense. The second is a network of low voltage electric wires laid beneath tile or laminate surfaces and encased in insulative mats fitted to the configuration of the floor. (Note: It cannot be installed



under carpets or wood floors). The mat is rolled out and held in place by adhesive. Flooring is then on top of the mats.

This system uses "zoned" wiring in areas frequently used such as bathrooms, kitchens, and family rooms. Twelve watts per square foot generates floor temperatures from 82° to 90°. Since objects that come into contact with the floor are heated, the occupants feel warm even though the air temperature inside the is cooler.

The advantages of radiant floor heating are: lower operating costs, higher reliability (no moving parts), no cooling air drafts. Energy savings can also be enhanced by using programmable thermostats that allow occupants to turn off the system at night or when away from their units. The system can be set to turn on shortly before occupants arise in the morning or return to their units.

The best time to install these systems is during new construction or amid renovations when the existing floor is removed.

Compare Nursing Homes

Did you know that you can easily evaluate the performance of any nursing home? You can do this by accessing the following website to obtain such information as: type of ownership, Medicare/Medicaid certified, no. of residents, percent of certified beds occupied, no. of nursing staff hrs. per resident per day, health violations, inspection reports, etc. The website is: www.medicare.gov (Search: Nursing Home Compare).



Back Issues

Did you know that previous issues of Philadelphia Multifamily Hub News, dating back to 2002, can be downloaded from our local website at: www.hud.gov/local/pa/working/pamultinews.cfm.



Closings

There were two initial closings of Section 202 projects in the Hub for February: Garden Way (Hermitage, PA) and NCR of Oak Creek II (East Brunswick, NJ).

